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FM AMEMBASSY DAMASCUS  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6277  
INFO RUEHAM/AMEMBASSY AMMAN PRIORITY 7589  
RUEHKU/AMEMBASSY KUWAIT PRIORITY 1388  
RUEHMD/AMEMBASSY MADRID PRIORITY 0285  
RUEHFR/AMEMBASSY PARIS PRIORITY 0498  
RUEHLO/AMEMBASSY LONDON PRIORITY 0529  
RUEAIIA/CIA WASHINGTON DC PRIORITY  
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL PRIORITY

C O N F I D E N T I A L DAMASCUS 000294

SIPDIS

DEPT FOR NEA/FO, NEA/ELA, EEB/ESC/TFS, L/EB  
NSC FOR SHAPIRO/MCDERMOTT  
TREASURY FOR U/S LEVEY  
COMMERCE FOR BIS/CHRISTINO  
PARIS FOR WALLER  
LONDON FOR TSOU

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TAGS: [EAIR](#) [ETRD](#) [ETTC](#) [PGOV](#) [PREL](#) [JO](#) [SP](#) [SY](#)  
SUBJECT: DAM BREAKING ON SYRIAN SANCTIONS REGIME

REF: A. DAMASCUS 188  
[1](#)B. DAMASCUS 288  
[1](#)C. DAMASCUS 279  
[1](#)D. DAMASCUS 192  
[1](#)E. 08 DAMASCUS 646  
[1](#)F. 08 DAMASCUS 438  
[1](#)G. 17 APRIL 2009  
MADRID-DAMASCUS-NEA/ELA-EEB/ESC/TFS E-MAIL

Classified By: Charge d'Affaires Maura Connelly for reasons 1.4(b,d)

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Summary  
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[1](#)1. (C) The U.S. sanctions regime against Syria has recently taken two hits that, if left unanswered, could significantly decrease a source of our leverage over the Syrian regime. In what is likely the most blatant violation of U.S. trade sanctions Post has observed, a Jordanian company delivered a leased Airbus A320 to Damascus that Syrian Air immediately put into service. Similarly, a Spanish company is scheduled to deliver two BAE 146-300 aircraft with U.S. engines to a private Syrian airline that is partially owned by Syrian Air and by Specially Designated National Rami Makhoul on April 27-29. End summary.

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Jordan Aviation First to Bust Sanctions  
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[1](#)2. (C) On March 12, Post reported Syrian Air's intention to lease at least one Airbus A320 from Jordan Aviation (ref A). Resident Airbus customer support manager in Damascus Christian Rivet confirmed to Post on April 19 that Jordan Aviation had indeed delivered an A320 to Damascus in late March. According to Rivet, Syrian Air had immediately begun operating the Jordanian plane on regional routes between Damascus and other Arab countries, but not to European destinations.

[1](#)3. (C) Clearly concerned at being contacted by an embassy officer, Rivet claimed that neither Syrian Air nor Jordan Aviation had consulted with him, or with Airbus executives in

Paris, about the legality of the lease with respect to U.S. trade sanctions. Rivet accepted responsibility for only the six A320s that Syrian Air had purchased directly from Airbus, of which four are currently operational (ref B). (Note: Having been involved in negotiating Syrian Air's MOU with Airbus for the sale or lease of new aircraft (ref B, E), Rivet is well aware that leases are not exempt from U.S. trade sanctions and that most Airbus aircraft contain well over 10 percent content of U.S. origin. End note.)

14. (C) In the first official acknowledgement of the lease, the government daily Tishreen reported on April 22 that the Jordanian A320 was recently grounded after a safety device designed to detect the close proximity of other aircraft malfunctioned. Because a replacement part was "not available" in Syria and the terms of the lease placed the burden of maintenance on Jordan Aviation, the plane recently returned to Amman to have a new device installed. The plane's mechanical difficulties so soon after its delivery to Damascus had been the source of scathing criticism from Syrian journalists in Al Qandeel (The Lantern) newspaper, who accused Syrian Air of leasing an unsafe aircraft. An unnamed Syrian Air official responded to the criticism in Tishreen, saying that the A320 had been overhauled in late 2008 and had received an airworthiness certificate from the Jordanian Civil Aviation Authority. "We need an urgent solution to maintain Syrian Air's routes," the source told Tishreen. "We have to provide airplanes by leasing them or any other possible means, because once we lose these routes, it's very difficult to get them back."

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Makhlouf Air Now Boarding  
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15. (C) The chairman of Syrian Pearl Airways (SPA), a.k.a. Cham Pearl, told the subscription-based website The Syria Report on April 19 that Syria's first private airline would take delivery of two 96-passenger, BAE 146-300 aircraft between April 27-29. On April 15, the website Syria Steps reported that Cham Pearl had signed a one-year "wet lease" with the Spanish company Orion Air for the two planes. (Note: We understand that the difference between a "wet lease" and a "dry lease" is that a wet-leased aircraft comes with a crew, whereas a dry lease only involves the aircraft. End note.) SPA Chairman (and director of Syrian Arab Red Crescent) Dr. Abdul Rahman Attar said that, in the airline's first three months of operation, Cham Pearl intends to focus on domestic service from Damascus to Aleppo, Qamishli, Lattakia, and Deir ez-Zor. Soon, however, Cham Pearl intends to offer service to Beirut, Kuwait, Baghdad, Mosul, Turkey, Cyprus, and Armenia.

16. (C) Cham Pearl is a joint venture between Cham Holding Company (40 percent), Syrian Air (25 percent) and the Kuwaiti al-Aqeelah Investment Company. Cham Holding is the largest private equity firm in Syria, founded by Specially Designated National (and President Bashar al-Asad's maternal cousin) Rami Makhlouf (refs A, F). Since the airline's 2007 licensing by the Ministry of Economy and Trade, Cham Pearl had struggled to find a vendor willing to sell or lease them aircraft due to the potential risk of violating U.S. sanctions. According to ref G, Orion Air's BAE 146-300 operate U.S.-manufactured engines, so the leased aircraft are likely to contain greater than 10 percent component parts of U.S. origin and would be subject to sanctions.

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Comment  
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17. (C) While five years of U.S. sanctions have been unsuccessful in changing Syrian regime behavior on our key issues of concern, they have strengthened our hand as we begin to re-engage the SARG. Of all sectors of the Syrian economy, U.S. trade sanctions have had the greatest practical impact on civil aviation: atrophying Syrian Air's operational fleet from 16 aircraft to just four, preventing Rami

Makhlouf's airline from obtaining aircraft, and denying the SARG the economic benefits of a regional boom in demand for commercial aviation. In refs B and D, the SARG identified civil aviation as a top priority in developing a better relationship with the U.S. We are now in position to leverage our dominant position over the aviation industry to make progress on our political agenda. The regime, and the international business community, will gauge our reaction to these high-profile aviation leases as an indicator of the seriousness with which we still take our sanctions policy. If we turn a blind eye, we should do so expecting the Syrians will continue to seek means of neutralizing the effect of U.S. sanctions.

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